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CHANCELLOR SCHROEDER: --(in progress)—that they themselves, in turn, also claim to do this by themselves. And that, I think, after all, is only acceptable. And that, incidentally, was also something that came out of the talks we had today with the African heads of state and government.

We were talking about building on what we have already achieved. Quite a lot has happened during G8 meetings in this respect. Just think of the initiative to forgive debts that was initiated by Germany during the Cologne Summit. It's quite a considerable burden that was lifted from the shoulders of the poorest of the poor. Most of these poorest countries are, after all, African countries and I think that this initiative has to be continued.

It is my impression, at least, that we cannot simply stop in 2004 and say, well, it has served its purpose. Those countries that as yet have not been able to qualify to become members of this initiative because their internal structures have not been changed accordingly, will have to be given a chance, an opportunity also in the future. And we will have to explain to them that what we're talking about here – debts – well, that's a very difficult, actually, to get back anyway. So I think we will be able to get movement here, to achieve progress here.

We also explained what we want to do in the area of health care. It's quite considerable what the G8 is doing to combat the further spreading of HIV/AIDS and – 300 million Euro will be put into a special fund for that. And I think it is a good thing to see to it that also private initiative is participating in this. I think it's a very good development that there are many pharmaceutical companies that are ready by now to offer drugs that alleviate, at least, that disease, if not cure it – to provide developing countries with these drugs at moderate costs, at moderate prices.

So I think all around it has been a successful summit, one that has taken place in a friendly atmosphere. But it has also engendered substantial results that I think are quite considerable.

Q I found it very interesting to see to what extent President Bush had to sort of climb down from his more aggressive posture on the Middle East – and do you think that the program that was launched now is sufficient to engender enough, sort of give enough incentives for the currencies of the region to change?

CHANCELLOR SCHROEDER: Well, I think we at least have to make the attempt. I think it's a sensible result, after all, that we have achieved. There's certainly no democratization process possible in that particular region if it's being blocked by the anxiety of the people who actually are supposed to do those. I mean, these people were afraid that somebody was after them and making them redundant. And after all, we need them to participate in this effort. We will have to see to what extent that will then become effective on the ground.

In the discussion we had with the heads of state and government from the region, I was able to gain the impression – at least I was able to gain the impression of theirs being somewhat perhaps a little bit too optimistic as to the future prospects for the region. I mean, I'm always for optimism, particularly in politics, but I think it's going to be a long ways until we actually reach that situation that we all desire.

But there was one thing I think that each and everyone was absolutely certain about. It will have to be absolutely essential to solve these really – (inaudible) -- in conflict. There are two – there has been an interesting first initiative which I think needs to be supported, namely the fact that the withdrawal of the Israeli troops from Gaza and the West Bank was welcomed. But when said at the same time that this needs to be something that needs to be – remain incorporated in the roadmap which offers something to both sides. That too has always been a position of both Germany and the European Union as a whole. So I don't think we ought to sort of engage in some kind of finger pointing as to who has moved more than – but, I mean, you obviously are allowed to philosophize about that.

Q It would be interesting that – do you have the impression that, and was there any talk about what should concretely happen that the United States should do something to have this conflict influenced in some way or bring it closer to a solution?

CHANCELLOR SCHROEDER: Well, there was a general effort and general statements, but you are right in your impression that that question, that that issue really was not in the foreground. This was discussed a little bit and the subject United Nations and what we have to take care of now is that we should not decouple it. On the one hand retreat, on the other hand security. We briefly mentioned that but from the fact that Mubarak was not around, that should be an indicator that talk was only brief. But I cannot quite reject your suspicion that you voiced that this topic did not proceed beyond

the generalities. And that is important -- that this retreat has to be included in the roadmap with all the consequences. Also on the final status that those negotiations must be based on this. And that is very important for us -- it was very important for us. And I believe that in the present situation not very much more could have been achieved.

Q Mr. Chancellor, you mentioned briefly yesterday that you were rather skeptical on the subject of stabilization of the Iraq -- the French President saw it in a similar way, but the U.S. President said that the stabilization in Iraq would be the basis for a broader reform effort. Could you imagine that this would lead to conflicting opinions just as it was a case for the Iraq war?

CHANCELLOR SCHROEDER: No, not at all. No. I do not belong among those that didn't want this process to take place. But we should perhaps, in the context of the Security Council, examine whether this will become political reality. I just want to be quite clear about this. We want success. We want success with respect to what the resolution declared. We want political success in Iraq and we want to do that by the civil sector and as soon as security issues do no longer exist, there is a lot of assistance required with regard to water supply, electricity -- we have promised each other cooperation also together with the Japanese in training the law enforcement forces and so forth. I do not see any differences. There is just a question of how we evaluate success, not whether one side won success and other doesn't. But I think it's important to point out that we a long way to go and we want to help in making this successful. So there is no basic difference in opinion here.

Q I would ask you to concretely state the prospect for democratization. Do you think it is possible for a country like Saudi Arabia to have a democracy?

CHANCELLOR SCHROEDER: Well, we all share the hope.

Q I would like to ask about security, about debt relief. Was there any new aspect? Were there additional figures mentioned?

CHANCELLOR SCHROEDER: No. No figures were mentioned. And I do want to point out that I wouldn't have been prepared to do that because we had all agreed that these questions should be dealt with in the Club of Paris together with the provisional government. And then this will be brought to a conclusion, possibly not before there is an elected government.

And as we say this -- these negotiations have to be dealt with in the Paris Club, then we cannot predict the result of such negotiations. So this was a formal that was put up and the negotiations have to clarify what really is meant, and there will be different views, I suppose. And I would like to state again as I did in the discussion, nobody is really objecting to that. Those unfortunate statements that we are willing to discuss -- debt relief -- but there not -- that the German economy is not prepared to do that. Nobody really stands for that any longer. I mean, that is really not the case.

Q Well, there was some talk about NATO participation – what can you say about that?

CHANCELLOR SCHROEDER: I cannot tell, really. We indicated that our involvement is something that really can be expected. And I would like to say in this connection that we are leading in police training. We are a lead nation in that respect in Afghanistan and also in the Balkans we are involved in these issues. And in cooperation with the Emirates, we also have been training police forces for Iraq, and nobody really accuses us of not doing enough. You know how the coalition forces include other NATO forces other than U.S. and British forces. Now, if there is a need for military training for the new Iraqi government, then we will not object to that. But as just mentioned, there will be no participation.

Q You said before that you support the extension of the HIPC initiative. Does that mean there is no concrete decision yet?

CHANCELLOR SCHROEDER: No. There was no decision, but I think everybody realized the necessity. We, of course, have to discuss the formula. It requires, of course, an enormous effort. If something really requires debt relief, it would be there. We really could think about if it really is necessary in Iraq. I mean that's something that in the long term there is potential.

But, well, anyway, the Germans won't be hardheaded in this respect. But it's hard to justify to the developing countries that you do one thing and not the other. That's the background, I would say. So the experts have to discuss that in one way or the other. We cannot say, oh, we have a new field now, and there is where efforts will be and the poorest of the poor will be left in the lurch.

Q The Americans spoke before this summit here that 50,000 or more peacekeepers should be trained and they could be used in Africa. Was that discussed?

CHANCELLOR SCHROEDER: Well, yes it was briefly mentioned. I would be a little bit careful with giving figures. Well, we unfortunately have conflicts from time to time in Africa and the world leaders that were present today said that they would expand the work that they have already started in Africa by using the peacekeeping forces and for that they would need training forces and training equipment.

And when you consider how you can deal with such regional conflicts, then for Europe and the G8, it would be much more sensible to give assistance with respect to training and equipment to the African Union so that they can do it themselves. Well, it was discussed whether these figures that were mentioned could be achieved pretty soon. Well, we have to think that over, but the principle is basically agreed upon. And the president of commission said – mentioned quite clearly that, also, based on the German development minister asking for it, that we will be ready to make the necessary funds available from the development aid facilities that exist.

Of course, that's always a controversial discussion. I hope that that will happen because, as you know, the commission will not much longer be in office.

Q It is said in the conclusion that cooperation between the donor countries and international organizations are supposed to be prolonged. And it is also said that when we're ready to provide financing, if necessary. Does that mean that the G8 basically have entered into a commitment to further increase those monies, or will that be mainly dealt with by the international organizations?

SHERPA: Well, it means that there are countries that forgive bilateral debt, --

CHANCELLOR SCHROEDER: -- which we do to a great extent.

SHERPA: And the international organizations will provide also monies, the G8 the largest shareholders in the World Bank and the IMF, so they will have to give their contribution to it over the long-term. So a refinancing mechanism essentially.

Q Chancellor, a basic issue as regards to format of the summits, after all, for quite some time, these have been summits in a sort of small circle without foreign and finance ministers. Do you have -- have you had time to talk about -- more basic issues, with a broad economic focus? I mean, the focus has changed over the years, has it not? And a second question added to that. The G8 is now sort of a trademark, but it's no longer the eight largest trading nations -- China -- India may even move up, may become part and parcel of that group. Don't you think one has to think about the composition of this group?

CHANCELLOR SCHROEDER: Well, as to the anniversary year or jubilee year of the G8, I think the development of a global economy shows -- not just mentioning the trend that we commonly call globalization -- that the assumption that we had earlier on that one could differentiate between the solution -- the discussion, rather -- of political conflicts and global issues, that this differentiation simply is no longer appropriate. Maybe it wasn't then.

Maybe -- it's almost -- well, in a way, a legend that was woven that in those days one adopted with rather a lofty position, discussing sort of lofty economic principles without looking at the political realities of the day -- the political conflicts underlying the situation as it existed then -- in 1973, when, after all, I assume not only discussed about the oil price but also saw the current conflict in the Middle East. So the fact that political issues have, in a way, taken a priority over economic ones does not only have to do with the readiness of participants to discuss those issues, but also with the attention that you, after all, will cast on these summit meetings.

Let's assume the resolution were decided two days later. The only thing that would have been of interest to most of you would have been, well, have you made any headway in bringing about this resolution. I mean, let's be honest about this. The

expectations of the public as regards debates during those summits have changed too. The attitude has become much more politicized.

Now on that second issue --

--(inaudible)--

CHANCELLOR SCHROEDER: -- true that is something that will probably -- have to discuss in the next few years to come. What about Brazil, what about China, what about India. Can we sort of stick to the current composition and the current format of the summit -- let's wait and see.

SHERPA: Ladies and gentlemen, we only have three further questions. I think the gentleman over there.

CHANCELLOR SCHROEDER: Let me add one thing -- if there is a country that has had an influence in an incredibly dramatic and influential way over -- has influenced global economy over the last few years, then it's certainly China. And I addressed that issue several times already.

Whether one would not have to think about inviting China -- I mean, just think of the influence China has, even on such a strong and powerful economy as the American economy, not to speak of the European ones. Think of the impact it has. Then that certainly would be one country that we would have to think about first. I mean, I'm saying this with all the due prudence because I don't want to make headlines over this, but certainly not only for political but also for economic reasons that's certainly something that one needs to think about.

Q Chancellor, yesterday you already mentioned Russia -- Russia as an equal partner -- as being perceived as an equal partner and being accepted as such in the G8. And you had a meeting today with President Putin. Did you address the domestic situation in Russia with him, for example, the drastic infringement upon freedom of opinion on the events in Chechnya?

CHANCELLOR SCHROEDER: No that is not something that was addressed. Neither one nor the other was addressed during the G8. Of course, we jointly talked about the assessment of the summit, we talked about bilateral issues. At the beginning of July, there's going to be a big economic conference between Germany and Russia. We talked about the interesting initiatives of youth organization -- a German, Russian group or issues that are of considerable importance in our bilateral relationship. But we did not talk about the issues you raised.

Q Chancellor, you spoke about the positive economic prospects. After a successful summit and after having negotiated about fee that is necessary for jobs -- is there better prospect for Germany?

CHANCELLOR SCHROEDER: Well, your question is very uneconomic. You act as if I could simply raise it or not. Unfortunately, I can't. It has to do with the forces of the market. That is, if the issue is whether economic data can be improved by me – of course I would wish it. Unfortunately, market economies don't work that way. That was the core of your issue.

Q (Inaudible.)

CHANCELLOR SCHROEDER: Oh, my own prognosis. Okay, well my prognosis – after all, they are no more than prognoses. And the problem if you make new – the question is can they actually going to happen. If not, then you're just going to write that we had the wrong prognosis, so we're going to stick with our predictions which have been that by 2004 we will have a growth between 1.5 percent and 2 percent. And we hope that it's going to be in the upper limit and we'll do everything we can with respect to the reforms that are necessary. But unfortunately, the federal government cannot simply create growth. We do what we can, of course.

SHERPA: Last question now.

Q What expectations do you have? Would they be that – do you think that the earlier attitude – earlier position of Germany would have a positive effect with respect to Iraq?

CHANCELLOR SCHROEDER: No, I don't think that -- Neither in one or the other direction. But I would say that the positive attitude of Germany has something to do with the excellent products, with the quality services offered by German companies. And if you look in a situation where we have relationship – and have had a relationship between the dollar and the Euro which is quite considerable – quite remarkable to be very modest – and that we still have had export growth in April of last year of 16 percent.

With Russia we have approximately that. With China, between 25 and 30 percent. In the EU area, I think they're about 8 – so this is quite considerable. And it shows that economically we are very, very strong even though 4 percent of our gross domestic product are still transferred from the West to the East. And these are very high numbers. And of course you have the strength of the new future interim government and the future government. So I think German business is not an issue that I worry about. With respect to Iraq, I think, they will make their own decisions once they are free to decide.

SHERPA: Thank you very much, Chancellor. Thank you ladies and gentlemen for your attention. Have a good trip back. See you tomorrow.

END

5:12 P.M. EDT

